

August 1, 2006

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. OP-1253

Dear Ms. Johnson:

Navy Federal Credit Union submits the following comments on the Home Equity Lending Market public hearings. Navy Federal is the nation's largest natural person credit union with \$25 billion in assets and 2.7 million members.

We applaud the efforts of the Federal Reserve Board in holding public hearings on the Home Equity Lending Market. In preparation for the hearings, the Board requests comments on the ability of consumers to understand and receive value from the Regulation Z required disclosures, especially those related to nontraditional mortgages. Since nontraditional mortgage products either have payment amounts that increase as the principal becomes due or include interest rates that fluctuate, it is imperative that consumers are adequately informed about these products. We believe that the current required Regulation Z disclosures given to consumers are adequate. However, if the Board chooses to modify the disclosures in the future, we encourage it to test the disclosures with consumers to make sure they are as clear and concise as possible and are a source of valuable information.

We believe that the best way to provide meaningful disclosures is to organize a series of consumer focus groups to test the effectiveness of such revised disclosures. The immediate benefit of consumer focus groups is that they provide invaluable information as to what clear and concise means to consumers and what information should be provided that would allow them to fully understand the products that they are receiving.

Another way to assure that consumers are properly informed about mortgage products is by providing education. Here at Navy Federal, we host home buyer's seminars that prepare our members for buying homes. These informational seminars not only provide information on looking for homes but also outline the differences between the mortgage products offered. This allows consumers to make informed decisions when deciding what mortgage products will best fit their needs. We urge the Board to consider publishing more educational information on

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mortgage products for consumers and for financial institutions to use, at their option, to educate their account holders.

We appreciate the opportunity to provide comments in response to the Federal Reserve's request for comments on the Home Equity Lending Market public hearings.

Sincerely,

A handwritten signature in black ink, appearing to read "W.A. Earner". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

W.A. Earner
Acting President/CEO

WE/st